



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 1 2019 (ending 04/01/2019)

**“Who looks outside, dreams; who looks inside, awakes.” – Carl Jung**

**Fed Chief gives some reassurance on U.S. rate policy** – The Federal Reserve Chairman Jerome Powell signaled patience and flexibility on any potential rate rises as the economy evolves and is fully prepared to shift its policy significantly if necessary. He also said he would not resign if asked to do so by President Trump.

**U.S. job numbers in December soar past expectations** – The Labor Department reported that nonfarm payrolls jumped in December by 312,000 jobs (y-o-y wage growth of 3.2%) - the largest rise since February - compared to economists' expectations of 175,000 jobs so reducing U.S. and global growth concerns.

**Global stock market up 0.7% from 1<sup>st</sup> January to 4<sup>th</sup> January** – The MSCI AC World TR Index showed a 0.73% return from 1st January to 4th January as very strong U.S. job numbers and 'soothing' comments from the Fed Chairman reassured anxious investors. The Vix (CBOE Volatility Index) closed the week at 21.38.

**Apple cuts its Q1 revenue target by 8%** – Apple shares dropped 10% on Thursday as they cut their Quarter 1 revenue guidance by 8% (the first guidance drop in nearly 15 years) with Chief Executive Tim Cook blaming weak iPhone sales in China and also consumers upgrading their iPhones at a slower pace than expected.

**Eurozone inflation down to 1.6% in December** – Euro area annual inflation is expected to be 1.6% in December 2018, down from 1.9% in November 2018 (but compared to 1.4% in December 2017), according to an estimate from Eurostat. This is still well below the European Central Bank's target of close to 2%.

**Eurozone's manufacturing survey in December hits 34 month low** – The Eurozone's manufacturing survey – the IHS Markit Eurozone Manufacturing PMI - recorded a final reading of 51.4 (so still in expansion) in December, but down from 51.8 in November and the lowest reading reached since February 2016.

**The Story of the week:** Dutch astronaut André Kuipers accidentally called 911 from the International Space Station, setting off a security alert at the Johnson Space Center centre. He said he was trying to contact the Space Centre and had to dial 9 for an outside line, then 011 for an international line but he missed the zero, and instead called 911. The 60-year-old astronaut and physician said it's surprisingly easy to contact Earth from space, and that astronauts can use terrestrial phones via satellites about 70% of the time but there is often a time delay holding conversations.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 YTD (to 04/01)</b>
MSCI AC World (Gross TR)	9.9	1.8	9.7	20.4	-7.2	0.7
ISEQ Overall Return	16.8	33.6	-2.7	9.7	-20.5	3.2
FTSE 100 TR	0.7	-1.3	19.1	11.8	-8.5	1.6
Euro Stoxx 50 TR	4.0	6.4	3.7	9.2	-12.0	1.4
S&P 500 TR	13.7	1.4	12.0	21.8	-4.4	1.0
Nasdaq Composite	13.4	5.7	7.5	28.2	-3.9	1.6
Nikkei 225	7.1	9.1	0.4	19.1	-10.2	-2.3
MSCI Emerging Markets	2.6	-8.0	7.1	27.8	-12.2	-0.6
Eurozone Government Bonds 1–5 yr	3.4	1.0	0.9	-0.2	0.0	-0.1
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 YTD</b>
U.S.	2.2	2.2	2.4	2.4	2.7	2.7
German	0.5	0.6	0.2	0.4	0.2	0.2
UK	1.9	1.9	1.2	1.2	1.3	1.3
Japan	0.3	0.2	0.0	0.0	0.0	0.0
Ireland	1.3	1.1	0.7	0.7	0.9	0.9
Italy	2.1	1.6	1.8	2.0	2.8	2.9
Greece	9.6	7.9	7.1	4.1	4.4	4.4
Portugal	2.7	2.5	3.8	1.9	1.7	1.8
Spain	1.6	1.7	1.4	1.6	1.4	1.5
<b>Central Bank Rates (%)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 YTD</b>
ECB	0.05	0.05	0.0	0.0	0.0	0.0
Bank of England	0.50	0.50	0.25	0.50	0.75	0.75
U.S. Federal Reserve	0.25	0.50	0.75	1.50	2.50	2.50
<b>Foreign Exchange Rates</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 YTD</b>
Euro/Dollar (€/\$)	1.21	1.09	1.04	1.20	1.15	1.14
Euro/Sterling (€/£)	0.78	0.75	0.84	0.89	0.90	0.90
Sterling/Dollar (£/\$)	1.56	1.46	1.24	1.36	1.28	1.27
<b>IPD All Property Return % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q3)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q3)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q3)

\*Past performance is not a reliable guide to future performance and may fall as well as rise.